



Remington Segment Performance – Autoloading Rimfire Rifles

Remington competes in the autoloading rimfire rifle segment with two product families. 2002 sales consisted of 49.6M units or \$6.8MM in revenue. Volume and revenue changes from 2001 to 2002 were a decrease of 2.7% in volume and an 8% increase in revenue. Reasons for the revenue increase center around a richer mix of high margin magnum product shipped in the 4th Quarter of 2002.

Model 597	1998 Actual	1999 Actual	2000 Actual	2001 Actual	2002 Actual	2003 FCST	2003 Budget
Unit Sales (M)	64.2	56.9	57	51	49.6	55.8	50.5
Sales Dollars (\$MM)	\$7.6	\$7.7	\$6.9	\$6.3	\$6.8	\$8.7	\$7.1
Standard Margin (\$MM)	\$2.1	\$1.8	\$1.3	\$1.0	\$1.2	\$2.0	\$1.5
Standard Margin (%)	27.0%	23.5%	18.8%	15.5%	17.6%	22.7%	21.7%

The Mayfield based Model 597 family dominates Remington’s presence in the category, consisting of 49.6M of the total volume of the 51.2M autoloading rimfire rifles sold. The remaining 1.6M units are comprised of the Ilion based Model 552 Speedmaster.

Model 597 sales appear to have stabilized over the course of the past two years. Therefore volumes and share growth are stagnant. This is problematic for Remington. Introduced in 1997, the Model 597 has reached a plateau in its product life cycle much too soon. The Model 597 problem for Remington is one of complexity. With razor thin standard margins of 12%, Remington must focus on increasing profitability while